

10 May 2024

Re Management Discussion and Analysis for the first quarter of year 2024 Attn. The President The Stock Exchange of Thailand (SET)

R&B Food Supply Public Company Limited and its subsidiaries would like to clarify the financial performance and financial information for the first quarter of year 2024 with the following details:

## **Revenue Structure**

Group revenue structure derived from the business of manufacture and distribution of raw materials used as Food Ingredients by dividing into 6 types:

1.1 Flavour, Fragrance & Color
1.2 Food Coating
1.3 Dry
1.4 Frozen
1.5 Packaging (Plastic)
1.6 Trading goods

## Analysis of Financial Performance

Profit or Loss (In Million Baht)	Three month period (January - March)		Change	
	2024	2023	Amount	%
Revenue from sales and rendering services	1,166.51	1,055.79	110.71	10.49%
Cost of goods sold and rendering services	(731.78)	(674.29)	57.49	8.53%
Gross profit	434.73	381.50	53.23	13.95%
Gain (loss) on exchange rate	20.79	(11.33)	32.12	283.41%
Other income	2.01	1.51	0.50	33.41%
Selling expenses	(98.80)	(63.74)	35.06	55.01%
Administrative expenses	(150.25)	(130.09)	20.16	15.49%
Reversal of (loss from) net impairment losses on financial assets	2.05	(0.46)	2.51	540.63%
Finance costs	(2.82)	(2.34)	0.48	20.68%
Share of profit of joint ventures accounted for using the equity method	1.20	0.96	0.23	24.23%
Profit before income tax expense	208.91	176.01	32.89	18.69%
Income tax expense	(37.29)	(28.98)	8.31	28.66%
Profit for the period	171.62	147.03	24.59	16.72%
Profit (loss) attributable to:				
Non-controlling interests	(0.17)	0.29	(0.46)	-156.68%
Owners of the parent	171.78	146.74	25.05	17.07%



#### **Revenues from Sales and Services in the First Quarter of Year 2024**

In the first quarter of year 2024, the Group had revenues from sales and services of Baht 1,166.51 million, which increased by Baht 110.71 million or YoY 10.49%, when compared with the same period of year 2023, which had revenues from sales and services of Baht 1,055.79 million.

The main reasons for the increase in revenues from sales amounting to Baht 110.71 million are as follows:

- 1) The source of the revenues
  - From domestic sales, increased by Baht 108.71 million (YoY 13.94%)
  - From export sales, increased by Baht 2.01 million (YoY 0.73%)
- 2) Product groups
  - From Food Coating Group, increased by Baht 60.43 million (YoY 11.99%)
  - From Flavour, Fragrance & Color Group, increased by Baht 31.28 million (YoY 8.64%)
  - From Trading goods Group, increased by Baht 10.47 million (YoY 10.15%)
  - From Frozen Group, increased by Baht 8.43 million (YoY 47.93%)
- 3) Customer groups
  - From sales of Industrial Customers, amounting to Baht 67.20 million (YoY 7.82%)
  - From sales of Large Retail Business Customers, amounting to Baht 29.12 million (YoY 33.09%)
  - From sales of General Retail Business Customers, amounting to Baht 14.39 million (YoY 13.29%)

The increase in domestic sales amounting to Baht 108.71 million, mainly resulted from industrial customer of Flavour, Fragrance & Color group amounting to Baht 42.05 million, large retail business customer of Food Coating group amounting to Baht 29.41 million, industrial customer of Trading goods group amounting to Baht 14.15 million, general retail business customers of Food Coating group amounting to Baht 10.44 million and industrial customer of Frozen group amounting to Baht 8.43 million.

The increase in export sales amounting to Baht 2.01 million, mainly resulted from industrial customer of Food Coating group.

## Gross Profit for the First Quarter of Year 2024

Three months period (January - March)			Channe	N-N
(In Million Baht)	2024	2023	Change	ΥοΥ
Gross profit	434.73	381.50	53.23	13.95%
Proportion to revenue from sales and rendering services	37.27%	36.13%		

The expansion of both domestic and international markets made the Group's gross profit for the first quarter of year 2024 increased by Baht 53.23 million, mainly from the gross profit of Food Coating group.

The increase in average gross profit margin was mainly because an increase in gross profit margin of Food Coating group, which resulted from the decrease in the price of wheat flour in the world market decreased.



## Selling and Administrative Expenses for the First Quarter of Year 2024

Three months period (January - March)			Channe	<b>X</b> X
(In Million Baht)	2024	2023	Change	ΥοΥ
Selling and Administrative Expenses	249.05	193.83	55.22	28.49%
Proportion to revenue from sales and rendering services	21.35%	18.36%		

The main reasons for the change in selling and administrative expenses comprised:

- An increase in the sales promotion expense of Baht 14.05 million resulted from market expansion of industrial customers, general retail business customers and large retail business customers.
- An increase in commission expense of Baht 12.84 million resulted from increase in domestic sales.
- An increase in the salaries of Baht 11.53 million resulted from increase in number of employees of Product Research and Development Department, Quality Assurance Department, Sales Retail Department and Warehouse Department.
- An increase in depreciation of Baht 3.62 million resulted from tools and equipment and building improvements.
- An increase in consulting and professional fees expenses of Baht 3.59 million resulted from marketing consulting, and product research and development fees.
- An increase in local transportation expense and outbound transportation expense of Baht 3.34 million resulted from increase in both domestic and export sales.

## Expected Credit Losses

In the first quarter of year 2024, the Group reversed an expected credit loss of Baht 2.05 million, representing 0.18% of revenues from sales and services. This reversal increased from the same period of year 2023 of Baht 2.51 million (YoY 540.63%), which set up allowance for expected credit loss of Baht 0.46 million, representing 0.04% of revenues from sales and services.

## Profit for the First Quarter of Year 2024

Three months period (January - March)			Channe	N-N
(In Million Baht)	2024	2023	Change	ΥοΥ
Profit for the period	171.62	147.03	24.59	16.72%
Proportion to revenue from sales and rendering services	14.71%	13.93%		

The increase in profit for the period was mainly because sales growth and increase in gross profit margin of Food Coating group, which resulted from the decrease in the price of wheat flour in the world market decreased.

## Profit attributable to the Owner of the Parent for the First Quarter of Year 2024

In the first quarter of year 2024, the Group's profit attributable to the owner of the parent was Baht 171.78 million, representing 14.73% of revenues from sales and services, an increase of Baht 25.05 million (YoY 17.07%), compared with the same period of year 2023, where there was profits attributable to the owner of the parent amounting to Baht 146.74 million, representing 13.90% of revenues from sales and services.



## Analysis of the Financial Position

## Assets

As of 31 March 2024, the Group had total assets of Baht 5,947.60 million, which increased of Baht 197.68 million or 3.44% from the balance as at 31 December 2023 where the total assets were Baht 5,749.92 million.

The major changes comprised:

- 1) An increase in cash and cash equivalents of Baht 45.26 million mainly due to:-
  - Cash received from operations of Baht 210.20 million.
  - Payments for purchase of machinery and equipment, office equipment and furniture of Baht 163.72 million.
  - Payments for the principal under lease agreements of Baht 8.42 million.
- 2) An increase in property, plant and equipment of Baht 90.59 million, mainly due to investments both domestically and internationally for machinery and equipment, building improvements and office equipment and furniture, amounting to Baht 127.36 million and net of depreciation during the period of Baht 55.85 million.
- 3) An increase in trade and other account receivables of Baht 86.75 million, mainly due to:-
  - An increase in trade receivables from other companies of Baht 49.80 million.
  - An increase in advance payments of Baht 32.69 million from advance payment for purchase of land, building improvements and importing goods.
  - An increase in prepayments of Baht 2.27 million from increase in legal employee benefits of a subsidiary in Indonesia and annual service fees.
- 4) A decrease in inventories of Baht 23.55 million, mainly due to:-
  - An increase in allowance for inventory obsolescence of Baht 7.92 million, mainly consisted of Food Coating group, Flavour, Fragrance & Color group and Dry group.
  - A decrease in the goods in-transit of Baht 7.09 million, mainly from Trading goods group.
  - A decrease in raw materials of Baht 6.97 million, mainly from Flavour, Fragrance & Color group.

## <u>Liabilities</u>

As of 31 March 2024, the Group had total liabilities of Baht 920.09 million, representing 15.47% of total assets. Total liabilities increased of Baht 6.22 million or 0.68% when compared with total liabilities as at 31 December 2023 of Baht 913.87 million, representing 15.89% of total assets. The major changes came from the following main reasons:

- 1) An increase in income tax payable of Baht 33.46 million.
- 2) A decrease in trade and other payables of Baht 22.57 million.
- 3) A decrease in lease liabilities of Baht 4.90 million from payments under lease.

## **Shareholders' Equity**

As of 31 March 2024, the Group had total shareholders' equity of Baht 5,027.51 million, equivalent to 84.53% of total assets. The shareholders' equity increased of Baht 191.46 million or 3.96% when compared with shareholders' equity as at 31 December 2023, which had balance of Baht 4,836.05 million, representing to 84.11% of total assets. The major changes were from:

- 1) Profit attributable to the owner of the parent for the first quarter of year 2024 of Baht 171.78 million.
- 2) Loss attributable to non-controlling interests for the first quarter of year 2024 of Baht 0.17 million.
- 3) Other components of shareholders' equity (currency translation difference of financial statements) of Baht 19.51 million.



## **Cash Flow Statements**

Statement of cash flows as of 31 March 2024 were as follows:

- 1) Net cash flows provided by operating activities of Baht 210.20 million.
- 2) Net cash flows used in investing activities of Baht 163.92 million, mainly due to cash paid for purchase of property, plant and equipment of Baht 163.72 million.
- 3) Net cash flows used in financing activities of Baht 8.42 million, due to cash paid for the principal under lease agreements.
- 4) Cash and cash equivalents as of 31 March 2024 amounting to Baht 965.29 million and as at 31 December 2023 amounting to Baht 920.03 million.

## Financial Ratios as at 31 March 2024

Compared with Financial Ratios as of 31 December 2023

1) Liquidity Ratios

The liquidity ratio as of 31 March 2024 was at 4.91 times, increased when compared with the liquidity ratio as of 31 December 2023, which was averaged at 4.83 times due to increase in current assets in cash and cash equivalents.

Financial Ratios	Three months period ended 31 March 2024	For the year ended 31 December 2023
Liquidity Ratio		
Current Ratio (Time)	4.91	4.83
Quick Ratio (time)	3.10	2.95
Average Collection Period (Day)	82	83
Average Sale Period (Day)	147	159
Average Payment Period (Day)	46	49
Cash Cycle (Day)	183	193

#### 2) Profitability Ratios

- 2.1 The gross profit margin as of 31 March 2024 was 37.27%, which was higher than gross profit margin as of 31 March 2023, which was 36.13%. The increase in average gross margin was mainly because an increase in gross profit margin of Food Coating group, which resulted from the decrease in the price of wheat flour in the world market decreased.
- 2.2 The return on equity as of 31 March 2024 was 14.12%, which was stable from the return on equity as of 31 December 2023, which was 14.12%.



# 3) Efficiency Ratio

Return on assets as of 31 March 2024 was 15.12%, which was higher than return on assets as of 31 December 2023, which was 14.93%.

Financial Ratios	Three months period ended 31 March 2024	For the year ended 31 December 2023
Profitability Ratio		
Gross Profit Margin (%)	37.27	37.57
Operating Profit Margin (%)	15.92	18.52
Net Profit Margin (%)	14.69	14.66
Return on Equity (ROE %)	14.12	14.12
Efficiency Ratio		
Return on Asset (ROA %)	15.12	14.93
Financial policy Ratio		
Debt to Equity Ratio (Time)	0.18	0.19

Yours Sincerely

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